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## U.S. Persuades Israel to Delay Pullout From Chuf Mountains

By John M. Goshko  
*Washington Post Service*

**WASHINGTON** — The United States has persuaded Israel to delay for a few days its troop withdrawal from the Chuf mountains of Lebanon, but administration officials said that no decisions had been made about moving units of the multinational force into that conflict zone after the Israeli leave.

The officials said Thursday that Israel, which had planned to begin redeployment by the weekend, agreed to a brief delay while arrangements were made for the Lebanese Army to move to the Chuf, where Christian and Druze Moslem militias are engaged in renewed fighting.

Israeli Defense Minister Moshe Arens said in a television interview Friday in the United States that Israel had agreed to a U.S. request to delay its redeployment of forces in Lebanon. The Associated Press reported, "We have been asked by the American government, through Ambassador McFarlane, to delay our withdrawal, and with some trepidation we have agreed to do that," he said.

U.S. officials and other diplomatic sources stressed that President Ronald Reagan's special Middle East envoy, Robert C. McFarlane, was not working on a plan to provide the Lebanese forces with backing from the multinational peacekeeping force of U.S., French, Italian and British troops.

There has been speculation that the force, whose activities are confined to Beirut and its environs, would be redeployed at the request of President Amin Gemayel as a

"confidence-building" backup for Lebanese forces sent into the Chuf. That speculation was renewed Thursday when Mr. McFarlane arrived in Rome to consult with Prime Minister Bettino Craxi and Foreign Minister Giulio Andreotti. But U.S. officials, conceding that consideration of an expanded role for the force might become necessary, emphasized that the United States and its allies first want to see whether the Christians and Druze can agree on allowing Mr. Gemayel's forces to control the Chuf. The officials said Mr. McFarlane was not carrying a specific U.S. plan but was exploring allied views about possible roles for the multinational force.

The White House spokesman, Larry M. Speakes, at a briefing in Los Angeles, said of the multinational force: "It is still premature to define what an expanded role of the MNF might be when the Lebanese armed forces are deployed in the Chuf."

"There have been discussions with various people about contingencies," he said, "and it certainly is a logical topic for us to be reviewing. However, in the absence of some detail concerning the political situation which will prevail in the area, it is premature to make decisions or even to make firm recommendations."

Earlier plans drawn up by force members to handle a possible expanded role call for the French to provide the principal multinational troops in the Chuf, with Italians and some U.S. Marines helping the Lebanese patrol the highway between Beirut and Damascus. Under that plan, most of the Amer-

icans would remain near the Beirut International Airport.

The United States has about 1,200 troops in the Beirut area and 800 on nearby ships. Until now, the administration has been wary of agreeing to Mr. Gemayel's repeated requests to expand the multinational force's size and role because it fears that Congress might balk.

France has about 2,000 troops in the force, and the Italian contingent numbers 1,400. Britain has 100 men.

U.S. sources said Israel, which plans to redeploy its forces in southern Lebanon along the Awali River, had intended to begin its pullout from the Chuf by the end of the weekend and to complete it by the Jewish New Year, Sept. 7-8. However, the sources continued, the Israelis agreed to a delay of "a few days" after Mr. McFarlane made such a request of Mr. Arens late Tuesday.

Mr. McFarlane told Mr. Arens that there were "positive signs" that an agreement might be worked out between the Christians and Druze on putting Lebanese forces in the Chuf if more time were available for negotiation.

### Jumblat Arrives in Paris

The Lebanese Druze leader, Walid Jumblat, arrived Friday in Paris for a hurriedly arranged meeting with Mr. McFarlane, The Associated Press reported.

Meanwhile, the state radio in Beirut reported that Mr. Gemayel's national security adviser, Wadi Haddad, also left for Paris on Friday after conferring with Mr. McFarlane's assistant, Richard Fairbanks.

Shortly after Mr. Jumblat's departure from Damascus his two main allies in the Syrian-backed National Salvation Front issued a statement proposing a national reconciliation conference with Mr. Gemayel.

Leaders of the National Salvation Front are willing to meet with the president of the republic," it said, "to discuss a national reconciliation either at the summer seat of Lebanon's Maronite patriarch at Diman or Beshita or at the Arab League headquarters in Tunis."

The statement was issued in the northern Lebanese city of Tripoli by Lebanon's former president, Suleiman Franjeh, a Maronite, and former Prime Minister Rashid Karam, a Sunni Moslem.



United Press International  
Swiss soldiers install one of the checkpoints around the conference site in Geneva.

## Swiss Deploy Tanks for UN Parley

Compiled by Our Staff From Dispatches

**GENEVA** — Swiss Army tanks were deployed in Geneva Friday as part of stringent security preparations for the opening Monday of the United Nations Conference on Palestine.

The tanks and armored personnel carriers are part of a 2,000-man Swiss regiment assigned to reinforce 600 police officers and a UN security force, the size of which has not been disclosed. Barbed wire and crowd-control gates lined the Avenue de la Paix and other streets adjacent to the UN buildings.

To protest the conference, Israel will withhold a portion of its financial contribution to the UN for the first time, Yehuda Z. Blum, Israel's chief UN

delegate, said Thursday at UN headquarters in New York.

Israel contributes 0.23 percent of the UN budget, or about \$1.5 million. The exact percentage that will be withheld has not been announced, but Israeli sources said the amount would be about \$70,000.

The United States has already announced that it is withholding about \$1.5 million, roughly its share of the cost of the 10-day conference.

A UN official, citing the concern for the safety of delegations from as many as 95 of the body's 157 member countries, declined to give details on attendance. But a number of West European countries are viewed as likely to boycott the conference with Israel and the United States.

## France Is Reportedly Sending Chad Large Quantities of Heavy Weapons

Reuters

**PARIS** — France is sending large quantities of artillery, armored vehicles and helicopters to Chad to bolster its deterrent force, informed military sources said Friday.

Eight Jaguar ground-attack planes and four Mirage fighters are also on alert in France to fly to the neighboring Central African Republic in case the situation in Chad deteriorates, they added. France has already sent up to 2,500 paratroopers and 10 combat planes to its former colony, where Libyan-backed rebels are threatening President Hissene Habré's government.

The Defense Ministry said it would not confirm or deny the arms shipments. Political sources said the strengthening of the French forces would emphasize President François Mitterrand's warning to Libya on Thursday that France could take the offensive in Chad if its troops were attacked.

Mr. Habré told Charles Herin, the French defense minister, in N'Djamena on Friday that the situation in Chad was grave. His government said earlier that Libyan tanks had fanned out south from the rebel-held town of Faya-Largeau toward the defense lines established by the French.

Mr. Herin, who later flew to the eastern city of Abéché to inspect French units, had been sent by Mr. Mitterrand to persuade Mr. Habré not to launch a counterattack to try to recapture the north, diplomats said.

The military sources in Paris said an airift of Puma and Gazelle helicopters, 20mm cannon, anti-tank missiles, jeeps and trucks had begun. A DC-8 and a Boeing 747 cargo plane were ferrying the equipment daily to N'Djamena and

Bangui in the Central African Republic.

AMX-10 personnel carriers armed with heavy cannon and 105mm artillery pieces would be sent by ship from the south of France to Cameroon en route for Chad next week, they added. France is also installing mobile radar units along the defense line protecting N'Djamena following the withdrawal this week of US AWACS radar planes, which had been keeping Libyan movements under surveillance.

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adapted to the present situation and its response could go beyond the defensive," Information Minister Soumaila Mahamat said. "It is only a matter of timing. The policy has developed and might develop further."

In reading the Mitterrand statement, Routhouang Yoma, sitting silently at his side, Mr. Soumaila appeared to weigh his words carefully.

"I do not think," he said, "that President Mitterrand has been very categorical about what will happen if the moment arrives when France judges that it needs to offer assistance and support beyond the framework of a deterrent role and into a more combative role for the French troops here."

The information minister declined to comment on Mr. Mitterrand's suggestion that a solution to the Chadian problem might be "to create a federal system."

"We do not think," he said, "that this is an essential aspect of the Mitterrand interview." Mr. Soumaila said in answer to repeated questions on the proposal. A senior Western diplomat noted that Mr. Habré strongly favors a "unitary state" as opposed to a federal system, which would presumably oblige him to share power with his onetime comrade-in-arms, the rebel leader and former president, Goukouni Oueddei.

"The concept of a federal system goes counter to Habré's thinking," said the diplomat, who insisted on not being quoted by name. "The term itself carries a lot of emotional baggage."

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## Andropov Offers To Scrap Some SS-20s if West Alters Position

By Dusko Doder

*Washington Post Service*

**MOSCOW** — President Yuri V. Andropov of the Soviet Union offered Friday to scrap a "considerable number" of his country's SS-20 missiles as part of an eventual agreement on limiting medium-range nuclear weapons in Europe.

Speaking to a correspondent for the Communist Party newspaper Pravda, Mr. Andropov renewed his demand that the United States abandon its planned deployment of 572 Pershing-2 and cruise missiles in five West European nations.

He also renewed Moscow's offer to cut its medium-range missile force to the same level as that of Britain and France combined.

But Mr. Andropov continued,

Chancellor Kohl expressed pessimism on the Geneva missile reduction talks. Page 4.

"We are ready to make another major step."

"Should a mutually acceptable agreement be achieved, including renunciation by the United States of the deployment of new missiles, the Soviet Union, in reducing its medium-range missiles in the European part of the country to the level equal to the numbers of missiles of Britain and France, would liquidate all the missiles to be reduced."

"In this event a considerable number of the most modern missiles, known in the West as SS-20s, would be liquidated as well."

The offer was interpreted by senior Western diplomats as a significant concession by the Kremlin likely to have a positive impact on Western Europe as well as on China and Japan.

It also appeared to meet President Ronald Reagan's demand that a mere removal of Soviet SS-20 missiles behind the Urals mountains would not meet his standards for an acceptable response in the face of Libyan aggression.

The United States has argued that the mobile missiles could easily be moved back within range of Western Europe.

According to Western estimates, Moscow has 351 triple-warhead SS-20 missiles deployed as part of its medium-range forces. About 100 are situated in the Asian part of the country, presumably targeted on Japan and China.

Witnesses said shouts of "Long live Ninoy," Mr. Aquino's nickname, rang out as students tried to

Filipino agents were reportedly told to harass Marcos opponents in the United States. Page 2.

force their way into the Far Eastern University campus about a mile from the presidential palace.

Rioters hurled stones at windows and exploded several homemade bombs before the riot police charged, swinging batons, and university security men turned water cannons on the crowd.

A security guard, Eleodoro C. Ocampo, said unidentified gunmen in a speeding car fired three shots at him in front of the university two hours after the demonstrators were dispersed. The shots missed him, he said.

The riots came amid growing demands by Mr. Aquino's family, opposition leaders and university students for an independent inquiry into Mr. Aquino's assassination and charges that a presidential investigation was controlled by President Ferdinand E. Marcos.

Mr. Aquino, 50, was shot to death on the tarmac at the airport as he left a China Air Lines jetliner flanked by three Filipino soldiers. His alleged assassin, a man dressed as a airport maintenance worker, was killed on the spot by soldiers and has not been identified.

The authorities announced Friday that Brigadier General Luthor Custodio, chief of the Aviation Security Command assigned to protect Mr. Aquino, has been confined in quarters pending further investigation into the slaying.

The chief of the police investigation said the weapon used to murder Mr. Aquino, a Smith & Wesson .357 magnum, was traced to a gun shop in Bangkok by Interpol, the international police agency.

There was no immediate indication what happened to the gun after it was shipped to the shop.

The investigative commission, headed by Chief Justice Enrique Fernando of the Supreme Court announced that its public hearings, scheduled to begin Monday, would be postponed until after Mr. Aquino's funeral in Manila on Tuesday.

Antonio Alano, a spokesman for the opposition United Nationalist Democratic Organization, said his party would not take part in the investigations "because these people, these justices, are all beholden to you-know-who."

Justice Fernando, acknowledging that the panel's impartiality is in doubt, said earlier that Mr. Aquino's family and other Marcos opponents were invited to participate.

## Computer Break-Ins by Milwaukee Youths Raise Legal, Security Questions

By Joseph B. Treaster

*New York Times Service*

**MILWAUKEE** — Late one night in June, a young man working at an inexpensive home computer tried to make contact with a large commercial computer.

Using a trial-and-error technique that figures in several of the recent incidents that have drawn attention to computer vulnerability, he tried various codes for gaining entry to New York City computers tied in a nationwide network.

In a short time he happened onto the combination for the computer that is used to plan and monitor treatment for patients at the Memorial Sloan-Kettering Cancer Center in Manhattan.

The young man entered a password that is often used to permit entry by installers and repairmen, federal authorities say, and was admitted within seconds.

Using the same simple procedure, he and a half-dozen other persons from Milwaukee, all in their teens and early 20s, have gained access this summer to perhaps as many as 60 computers, including ones at the nuclear weapons laboratory in Los Alamos, New Mexico, a bank in Los Angeles and a cement company in Canada.

The intrusions have called attention to the ease with which sophisticated computers can be entered. They have also raised questions about the effectiveness of security measures and about the legal issues involved in entering computers without authorization.

The young men say they did not "target" any of the computers, but like prairie dogs popping into their holes, entered computers at random, wherever they found an opening. They would poke through files, they say, and try to figure out where they were. Often, they went away puzzled.

**BUSINESS/FINANCE**

U.S. productivity jumped at an annual rate of 6.1 percent in the second quarter. Page 7.

They say they did not realize they had been inside computers at Sloan-Kettering and at Los Alamos until they were informed by the authorities or by news reports.

## Manila Reportedly Harassed Foes in U.S.

**State Department Ex-Aides Say Messages to Filipino Agents Were Intercepted**

By Bernard Gwertzman  
*New York Times Service*

WASHINGTON — The United States intercepted messages from Manila to Filipino agents in the United States five years ago ordering them to harass opponents of President Ferdinand E. Marcos in the United States, according to two former State Department officials.

The former officials who asked not to be identified, said that the Federal Bureau of Investigation was asked to investigate the intercepts.

A Defense Intelligence Agency report made public Wednesday indicated that the United States believed the practice of monitoring and harassing Filipino dissidents in the United States has continued.

The agency report, dated July 1982, said a new defense attaché team at the Philippine Embassy "will undoubtedly report on, and possibly operate against, anti-Mar-

cos Philippine activists in the United States."

As a result of the report being made public by Representative Don Edwards, Democrat of California, the State Department issued a statement Thursday saying: "The United States government is committed to taking all necessary measures to stop harassment and intimidation of persons in the United States by agents of foreign governments."

One official said that the Philippines, South Korea, Taiwan, Libya and Iran were among countries that had been warned about operations against foreign nationals in the United States.

The chief Filipino dissident who lived in the United States in recent years was Benigno S. Aquino Jr., who was slain Sunday, minutes after he returned to Manila to lead an opposition political movement against Mr. Marcos.

The two former U.S. officials,

who served in the Carter administration, said that while they were looking into complaints from Filipinos in the United States about harassment, they were shown messages intercepted by U.S. intelligence that ordered members of the Philippine Embassy to cause trouble for the Marcos opponents.

Mr. Aquino arrived in the United States in 1980.

Neither of the former officials knew what follow-up action was taken by the FBI. The bureau had no comment Thursday.

The 1982 study by the Defense Intelligence Agency reported on the sending of a new defense attaché, Brigadier General Angel G. Kanapi, to the Philippine Embassy in Washington, along with four subordinates.

The report said it was the first rank of an officer of General Kanapi's rank had been sent to Washington in many years.

In a telephone interview Thurs-

day, General Kanapi denied that his group was operating against opponents of the regime.

He said he intended to raise the matter with the defense agency.

On Thursday, Senator Edward M. Kennedy, Democrat of Massachusetts, sent a letter to President Ronald Reagan urging him not to go ahead with a planned trip to the Philippines in November.

Mr. Kennedy said he would also urge Congress when it reconvenes next month to delay all action on aid for the Philippines "until the Marcos government has conducted full, satisfactory and impartial investigation of the Aquino assassination."

The administration has said publicly that the trip by Mr. Reagan is still scheduled. Privately, however, officials said it could be canceled if there are indications that Mr. Marcos was responsible for Mr. Aquino's death.

## Insurgents Said to Step Up Fight With Sandinists

By Stephen Kinzer  
*New York Times Service*

MANAGUA — Rebels fighting the Nicaraguan government have stepped up their activity in the last week, mounting at least eight attacks over a wide area of northern Nicaragua and inflicting scores of casualties, according to government officials.

Nicaraguan officials and diplomats said they believe that as many as 2,000 insurgents have entered Nicaragua from bases in Honduras this month. The Defense Ministry issued a statement Thursday asserting that Nicaragua was facing "a new escalation of aggression."

Defense Minister Humberto Ortega Saavedra said last weekend that the military situation had become "difficult."

The insurgents are said to have received millions of dollars in covert aid from the United States.

This week's fighting, which followed several months of reduced activity by the insurgents, has extended throughout northern Nicaragua, according to Sandinist government reports. Earlier operations were concentrated in the western part of the country. There have also been unconfirmed reports of fighting in the south, where another rebel group, based in Costa Rica, has been active.

The appearance of hundreds of insurgents in the eastern province of Zelaya led Mr. Ortega to speculate publicly that their goal was to seize Puerto Cabezas, an important port on the Caribbean coast. Mr.

Ortega said the rebels were seeking a place to establish a provisional government that "would be recognized by the United States and its regional allies."

Government officials said that day that the rebels seemed better disciplined, trained and armed than in the past. They said several who were captured were specialists in explosives, communications or other skills useful in guerrilla warfare. The Nicaraguans suspect that the insurgents are being supplied by air from bases in stored.

The areas affected included parts of the capital and San Salvador province, northern Chalatenango, as well as Ahuachapán, Sonsonate, Santa Ana and La Libertad provinces.

Communications were either cut or severely delayed, plant employees stopped working and scores of towns were without electricity.

Officials said half 2.5 million people, about half the population, were affected.

The power company spokesman, who asked anonymity for security reasons, said the first explosion knocked down power lines and towers 35 miles (56 kilometers) north of the capital Thursday morning. Other explosions followed in succession, further damaging the national power grid.

Some of the towers that were damaged carried power lines leading from two hydroelectric dams on Lake Suchitoto, in the northern part of the country near the Honduran border, to central and western El Salvador.

Leftist rebels have attacked the nation's power grid more than 30 times this year. But the areas affected have mainly been in the eastern part of the country, where the guerrillas have several strongholds.

They were the first major attacks on electrical installations in western El Salvador.

insurgents, who are known as *contras*, were killed. The Sandinist dead included the chief of the local militia.

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The Nicaraguans say they have killed nearly 100 rebels since Friday. Nine bodies of men clad in the blue uniforms of the Nicaraguan Democratic Force, the largest opposition group, were displayed Wednesday in the town plaza of Ciudad Sandino.

There has been no full accounting of Sandinist casualties. Western analysts in Managua say they believe the government troops are suffering losses roughly equal to those of the insurgents.

Families living in isolated outposts in the rugged north are being moved to populated areas by the government, which says such evictions are necessary to protect the families.

The last sustained offensive by the contras, which reached its peak in May and June, failed to produce any important military victories.

The insurgent campaign occurred as the United States is preparing to send as many as 6,000 troops to Honduras for maneuvers that are expected to last up to six months. In addition, more than 30 American warships, including three aircraft carriers, are stationed off both Nicaraguan coasts.

## Rebel Strike in El Salvador Cuts Electric Power in West

*The Associated Press*

SAN SALVADOR — Leftist guerrillas blew up power lines Friday, leaving the western half of El Salvador paralyzed. A power company spokesman said he did not know when service would be restored.

The areas affected included parts of the capital and San Salvador province, northern Chalatenango, as well as Ahuachapán, Sonsonate, Santa Ana and La Libertad provinces.

Communications were either cut or severely delayed, plant employees stopped working and scores of towns were without electricity.

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The power company spokesman, who asked anonymity for security



Liberia's President Doe plays soccer in Israel. *The Associated Press*

## WORLD BRIEFS

### Soviet Antisatellite Test Is Reported

FRANKFURT (AP) — A West German newspaper said Friday that the Soviet Union tested an antisatellite weapon over Bavaria last summer.

The Frankfurter Allgemeine, a respected conservative daily, said the test was carried out in June 1982 during major maneuvers involving Soviet missile units. "During this exercise," the report said, "a killer satellite was deployed against a target satellite sent into orbit before the killer satellite was triggered over lower Bavaria."

The newspaper said "previously secret information" about the Soviet test was disclosed Thursday to demonstrate Western concern about Moscow's latest proposals for a ban on space weapons. The report from Bonn was attributed to West German sources who were not further identified. The Soviet president, Yuri V. Andropov, told U.S. senators visiting Moscow on Aug. 18 that Moscow planned a new initiative on banning weapons from space.

### Pakistanis to Rally at Bhutto's Grave

KARACHI, Pakistan (Reuters) — All police leave has been canceled in Pakistan's rebellious Sind province as anti-government protesters prepared for a rally Sunday at the grave of the executed former prime minister, Zulfikar Ali Bhutto, officials said Friday. Bhutto was hanged in 1979, two years after he was overthrown by the present ruler, President Mohammed Zia ul-Haq.

The order, issued Thursday night after a constable died when an angry mob attacked a police station near the Bhutto home in Larkana, also called all officers on vacation to return to work immediately.

Bhutto's Pakistan People's Party has called its followers to assemble Sunday for a rally at the grave. Meanwhile, two large gatherings were held in Sind on Friday to demand the release of Bhutto's daughter, Benazir Bhutto, an end to martial law and a return to democracy, opposition sources said.

### West German Leader Won't Visit East

BONN (Reuters) — President Karl Carstens of West Germany on Friday declined an invitation from the East German head of state, Erich Honecker, to attend November celebrations for the 50th anniversary of the birth of Martin Luther.

In a letter to Mr. Honecker published in Bonn, Mr. Carstens expressed regret that he would be unable to go to East Berlin on November 10 because of other commitments. It would have been the first visit to East Germany by a West German head of state.

Government sources said they advised the president not to go because of political problems posed by the special status of Berlin. West Germany does not recognize East Berlin as capital of East Germany.

### Nigeria Prepares to Vote for Deputies

LAGOS (AP) — For the fourth time in four weeks, Nigerians will vote Saturday to elect members of the House of Representatives, the lower house of the National Assembly.

The country's pre-eminent National Party hopes to consolidate sweeping gains achieved in previous rounds, while opposition parties have appealed for a strong voter turnout to reverse their losses. In the previous ballots, President Shehu Shagari was re-elected by a four-million-vote margin out of 25.5 million votes cast; the National Party won 13 of 19 state governorships and 55 of the 82 contested federal Senate seats.

The party's victories have prompted comment that Nigeria, one of Africa's few multi-party democracies, is drifting toward a one-party state. "What we are witnessing now is the process of hegemony by one section of the ruling class over the others," a columnist in the National Concord newspaper said this week. The National Party vigorously disputes the view.

### Japan Sees a Role in Defense of West

TOKYO (Combined Dispatches) — Japan should play a positive role in the defense of the West, the government said Friday in a position paper. The chief opposition Socialist Party called the policy statement dangerous.

The annual position paper on defense, adopted by the cabinet, places more emphasis than in previous years on the need for Japan to fulfill its responsibilities as a member of the Western bloc and also on the crucial importance of maintaining the credibility of the Japan-U.S. security treaty. It cites the Soviet arms buildup in the region as "increasing the potential threat" to Japan, but does not advocate military cooperation with NATO.

The report, prepared by the Defense Agency, also sought to calm public fears of sharply increased military spending, saying Japan's arms budget is one of the lowest in the world in terms of the gross national product.

### Property of 2 Vatican Aides Is Seized

ROME (Reuters) — Officials investigating the collapse last year of the Banco Ambrosiano have sequestered the Italian property of two Vatican officials, a senior Milan magistrate said Friday. Sequestration means that the property is being held as security for any debt.

Judge Renato Brachetti, who is leading judicial inquiries into the collapse of what was Italy's largest private bank, said the action affected the property of Luigi Memmi and Pellegrino de Strobel and was a normal step in such an investigation. The two men are administrators of the Institute for Religious Works, as the Vatican bank is known.

The Vatican bank's connections with the Banco Ambrosiano and alleged involvement in its collapse are still being studied. The Italian authorities have contended that the bank should repay at least some of the \$1.4 billion that disappeared through Panama financial houses.

### Walesa and Church Criticize Regime

WARSAW (UPI) — The Roman Catholic Church and Lech Walesa, the former Solidarity trade union leader, both criticized Poland's Communist regime Friday for what they said was its failure to heal the wounds left by martial law.

A complaint by the church accused the government of wasting chances to broaden its support after the visit of Pope John Paul II two months ago and of causing new unrest with restrictive laws passed in the parliament, Sejm, last month.

Mr. Walesa, in a separate statement in Gdansk, said Poland's Communist rulers were trying to stamp out dissent and independent opinion. "A high price has to be paid for democracy and freedom," he said.

### For the Record

COLOMBO, Sri Lanka (Reuters) — The Sri Lankan Parliament voted Thursday to extend a nationwide state of emergency for a further month. Tamil and Singhalese factions have clashed since July.

BEIRUT (AP) — The U.S. ambassador to Lebanon, Robert S. Dill, has been appointed deputy commissioner-general of the UN Relief and Works Agency for Palestinian Refugees in the Middle East and will assume his duties by the end of this year, the agency said Friday.

PORT LOUIS, Mauritius (Reuters) — The leader of the Mauritian opposition, Paul Berenger, defeated in general elections Sunday, was admitted to the country's new legislative assembly Friday under the country's "best loser" electoral system. Up to eight seats can be allotted to defeated candidates.

### Computer Break-Ins Raise Legal, Security Issues

(Continued from Page 1)

The old alliance largely founded on economic competition. Many scholars and black leaders point out that a major reason for declining support among whites is that black economic aspirations, unlike civil liberties, are bound to threaten the well-being of their white supporters.

Mr. Jackson's well-publicized efforts to negotiate jobs for blacks with big corporations fits this pattern. But his frequent lack of follow-through also underscores his reputation for being more flamboyant than effective. This issue has acquired new importance as he appears closer to a formal bid for the Democratic nomination for president.

The fear, among many Democratic liberals and some black establishment politicians, is that a Jackson candidacy could draw away votes in the crucial early primaries from liberal contenders such as former Vice President Walter Mondale.

Black unemployment is now 18 percent, nearly double the national figure.

Worse, in many blacks' analysis, their problems are becoming permanent. The U.S. census showed that the number of black households headed by a woman, with no man, has risen from 28 percent in 1970 to 40.6 percent last year. Single-parent households, led by women, are seen by many sociologists as liable to leave the children less well equipped for school and work and more often destined for social problems.

To remedy this, Mr. Jackson talks of forming what he calls a "rainbow coalition," including blacks, Hispanics, feminists and members of anti-war movements.

The formula of binding minority groups is a new departure, reflecting the decline of the old liberal coalition of Southern blacks and the civil rights gains of the 1960s.

The crucial question then becomes whether, in the likely event that he fails to get the nomination, Mr. Jackson will have the political ability to rally convincingly behind the Democratic nominee and deliver the black votes that he has undoubtedly helped galvanize, and which now are a national political factor. In any event, he has said he will not run as an independent in 1984.

When the young men located a computer, they tried to enter it with passwords familiar to them.

"When a manufacturer ships out their computers, many have the same password," said one of the young men. "If you know something about computers, it's not hard to imagine what the password could be."

Sometimes the young men could not come up with the correct pass-

### Train in U.S., in 4 Accidents, Kills 2

*The Associated Press*

KENLY, North Carolina — The Silver Meteor, a New York-to-Miami train that was involved in three accidents on its northbound run, struck a car early Friday on its return trip to Miami, killing the driver, the police said.

The train was involved in three accidents Wednesday and Thursday, killing a woman and injuring 21 other persons. In the fourth accident, the train struck a car at a crossing in Kenly, the police said.

Early Thursday, the train derailed in Rowland, N.C., in its third accident within six hours, officials said. Twenty-one passengers were injured and two engines and three passenger cars derailed when the train hit a flatbed tractor-trailer stuck on the tracks.

The train struck and killed a woman on the tracks north of Savannah, Georgia, Wednesday, an Amtrak spokesman said. In Ridgeland, South Carolina, it hit an unoccupied truck, resulting in a 25-minute delay.

Dr. Mohan said the intruders had demonstrated considerable expertise in operating the computer, a VAX 11-780 made by the Digital Equipment Corp., and that the hospital and the manufacturer were still trying to figure out how they had gained such wide access.

The young men said all the computers they had invaded were similar models made by Digital. One of the computers was used in classes for advanced computer science students at Washington High School, where one member of the group is enrolled.

Dr. Mohan said the intruders had entered the Sloan-Kettering computer service at Sloan-Kettering, said the hospital computer had one of the common passwords when the young men invaded but that it was supposed to permit only elementary functions. But the invaders managed to roam through the computer and reprogram some activities, mainly to facilitate their entry, he said.

UN GRAND DOSSIER DU MATIN A PARTIR DU LUNDI 29 A

## AMERICAN TOPICS

A Twice-Weekly Survey Compiled by Our Staff

## Health Price Tag

The price of hospital care, increasing at three times the rate of inflation, has become the fastest rising cost of doing business in the United States. Corporations are paying \$77 billion this year in health insurance premiums, more than those companies will pay out in dividends. Chrysler Corp. estimates that its health-care costs add \$600 to the price of each car the company sells.

So corporations — and the U.S. government, which is worried about the drag on business and about its own bills — are moving to make health delivery a more competitive business.

Medicare and other government insurance programs and corporations with health insurance programs are incurring huge bills because of several developments. Expensive new kinds of care became available with medical breakthroughs in the 1970s, but there is also a trend for Americans to go to the hospital more often (an increasing proportion of Americans are born in the hospital and die there) and stay longer.

To reduce patients' hospital time, major companies are offering incentives to hospitals and to their own employees to find out-patients or other forms of treatment designed to cut hospital costs. In its own bid to cut hospital charges for Medicare and Medicaid patients, new legislation, going into effect on Oct. 1, will remodel the system of reimbursing hospitals. Payments used to be on a cost-plus basis, a fixed fee or percentage added to the actual cost. Now they will be set in advance for each case, so hospitals will be under financial pressure to limit services and hospital stay to the care prescribed.

A result of this new stringency, experts predict, will include the bankruptcy over the coming decade of at least 1,000 of the 5,200 nonprofit hospitals in the United States.

## Sweeny's Park

In what will be the biggest addition to the national parks in the continental United States under the Reagan administration, Congress has ordered the Interior Department to buy a chunk of land near the Golden Gate Bridge in California. The land, Sweeny Ridge, a scenic

Renault's \$30-million-plus advertising blitz is aimed at convincing American buyers that the European technology associated with cars such as Mercedes, Jaguar and BMW can be obtained much more cheaply in Renault-AMC's mass-market Encore and Alliance, which have \$6,000 price tags.

Americans have bought 140,000 Alliances (the R9 in Europe) in the year since it went on sale, 40,000 more than the company forecast. Renault expects to sell 90,000 Encores (the R11) the first year.

## Notes on People

The Reagan administration, which took office vowing to bring into government more ideologically pure decision-makers, may have set a record for high-level turnover. Only the Treasury, Justice and Agriculture departments still have the top two officials who started the administration. Between then and now: Former Secretary of State Alexander M. Haig Jr. has become a consultant to United Technologies Corp., a company he once headed, and the Washington representative of the Hudson Institute, the think-tank founded by the late Herman Kahn; Richard S. Schweiker, former secretary of health and human services, has become president of the American Council of Life Insurance; former Transport Secretary Drew L. Lewis, now chairman of Warner Amex, is rumored ready for a leave of absence to run a Reagan re-election campaign; Arthur Hull Hayes Jr., Food and Drug Administration head, starts in September as dean of New York Medical College; Norman Ture, Treasury undersecretary for tax and economic affairs, has started a consulting firm on taxation; Robert D. Hormats, assistant secretary of state for economic and business affairs, is a vice president of Goldman, Sachs & Co. investment bankers; James L. Buckley, State Department counselor, is president of Radio Free Europe and Radio Liberty.

Since the trust started in 1973 with \$700,000 in seed money, it has been the go-between in nearly \$80 million worth of transactions working closely with previous administrations, which were eager to enlarge the park's territory. But it has often found itself working at cross-purposes with Interior Secretary James G. Watt.

Backed by foundations, the San Francisco-based trust regularly uses its nonprofit status to arrange bargain sales and gifts that are financially attractive to both the landowner and the government. The Sweeny Ridge property, for example, would be worth at least \$14 million on the open market, assessors say.

The Sweeny Ridge purchase, expected to cost about \$9 million, was largely engineered by the Trust for Public Land, a small, nonprofit group that negotiates for privately held lands with the idea of turning them over to the government.

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## Irish Informer's Wife Threatens to Get Divorce Unless He Retracts Testimony

The Associated Press

BELFAST — The wife of a police informer, freed by nationalist guerrillas after 15 weeks in captivity under threat of death, said Friday she would sue for divorce unless her husband, Harry Kirkpatrick, kept quiet.

"If he goes ahead, I will disown him and then file for divorce," Elizabeth Kirkpatrick, 27, was quoted as saying in an interview with the Press Association, Britain's domestic news agency.

"He will have to retract," she said, "but somehow I can't see it. I think he's too ashamed."

Irish National Liberation Army guerrillas, who kidnapped Mrs. Kirkpatrick on May 17, had threatened to kill her unless her husband, 25, retraced testimony against 44 alleged guerrillas. The police recently freed two other kidnapped relatives of Mr. Kirkpatrick.

It remained uncertain whether Mr. Kirkpatrick, held in a special security wing of Belfast's Crumlin Road jail, had traded his wife's life for a promise of future silence or whether the INLA simply decided not to kill her.

## Pentagon Board Assailed for Conflicts of Interest, Cronyism

By Fred Hiatt  
Washington Post Service

WASHINGTON — Pentagon auditors say they have found conflicts of interest and cronyism in the Defense Science Board that advises the armed forces on future weapons programs.

The auditors said that the board was violating federal conflict-of-interest law by allowing defense industry executives who serve on it to vote on decisions that might benefit them.

The report said membership on the prestigious board appeared to be based on "personal knowledge" among Pentagon and industry officials rather than on technical expertise.

The Pentagon's research chief, Richard D. DeLauer, rejected the most serious criticisms and suggested that the inspector general's office would damage its "credibility" and "usefulness" if similar reports became public in the future.

Members of Congress who read the report have threatened to withhold the board's funding this fall if problems are not corrected.

Advice from the 30-member panel has a "major

impact" on decisions on weapons and other planning issues, according to Alvin Tucker, deputy assistant inspector general in the Pentagon. During the past several years, the board has studied the MX missile, laser weapons and many other weapons programs.

The Senate minority leader, Robert C. Byrd, Democrat of West Virginia, and Senator David H. Pryor, Democrat of Arkansas, threatened to try to cut off its funding unless the Pentagon's inspector general assured them it was following the law.

The report said that none of the 33 advisory task forces appointed by the Defense Science Board has met legal requirements for disclosing meetings, keeping minutes and filing personal disclosure forms.

Mandated conflict-of-interest reviews were "superficial" and "perfunctory," the report said, and often took place after a board member had begun his term.

In one case where a conflict of interest was found to exist, the member disagreed and ignored the finding. "No further action was apparently taken and the individual did in fact participate on the task force," the report said.

Of the 124 disclosure forms that were filed by board

members and their task force appointees, 106 revealed a significant interest in a company or organization doing business with the Defense Department. Among those most frequently represented were the University of California, TRW Inc., Hughes Aircraft, Bell Laboratories and the Raytheon Corp.

The executives and officials on the board cited each other as references to get their positions and frequently had held each other's jobs in the past.

"It appeared that the membership of the DSB and the task force was based on personal knowledge rather than based on a group of technical experts drawn from a universe of knowledgeable individuals," the report said.

In an interview this week, Mr. DeLauer, who is undersecretary for defense research and engineering, defended the Defense Science Board. Mr. DeLauer sat on a major defense contractor.

"We might have been sloppy about filling out the forms right, which we've fixed, but there's never really been a problem with conflict of interest," Mr. DeLauer said. "You've got to pick the people with the best information."

Mr. DeLauer declined to discuss specific criticisms while the Pentagon's inspector general prepares a response for Senators Byrd and Pryor.

Norman R. Augustine, chairman of the Defense Science Board and president of Martin Marietta Aerospace, a major defense contractor, did not return several telephone calls seeking comment.

Mr. Augustine asked for the review of the board's regulations and how well they were being followed. In a memorandum to the inspector general, Mr. DeLauer sharply criticized the auditors for allowing that internal review to be read outside the Pentagon.

"One question is, therefore, the appropriateness of this report, done in response to an internal request for a review, being distributed outside the department," Mr. DeLauer wrote. "It appears that the credibility of, and indeed the usefulness of your office to the DoD, will be eroded if this practice persists."

Mr. DeLauer said he was "concerned about the biased tone and misunderstanding of the facts" in the report. He objected to the "many inflammatory statements made that do not logically follow from the stated facts, that are not true and that could be harmful."

## Grain Pact Gives Soviet Assurances U.S. Leaders Won't Repeat Embargo

By Clyde H. Farnsworth  
New York Times Service

WASHINGTON — The Reagan administration has gone out of its way to persuade the Soviet Union that there will be no recurrence of a grain embargo under the new five-year agreement that the two countries signed in Moscow.

The curtailment on sales that President Jimmy Carter imposed in 1980 was criticized by the administration Thursday, and that drew a sharp retort from a former official of the Carter administration.

The accord, signed Thursday, commits the United States to sell at least 9 million tons to the Soviet Union annually. It says that the U.S. government "shall not exercise any discretionary authority available to it under United States law" to limit the shipments.

The administration thus pledged, in effect, that neither it nor a future administration may invoke existing foreign policy or far-reaching national security legislation to block exports.

An Agriculture Department official, who asked not to be identified, said: "It would have to be a very serious thing, a national emergency, a severing of diplomatic relations, almost a state of war for the United States to curtail supplies."

In Moscow Thursday, Agriculture Secretary John R. Block called the partial embargo placed by Mr. Carter on Jan. 4, 1980, in the aftermath of the Soviet intervention in Afghanistan, "distasteful."

Reached by telephone in Maine Thursday, Mr. Carter's national security adviser, Zbigniew Brzezinski, commented: "The sanctions imposed on the Soviet Union after the invasion of Afghanistan by the

Soviet Union involved across-the-board sacrifices by American athletes, American businessmen and American farmers.

"No one group was singled out but all of it accumulatively reflected American determination to discourage aggression. What is truly distasteful is Secretary Block crawling on his knees to Moscow."

An aide to Mr. Carter, Jane Simpson, said in Atlanta that he was not immediately available for comment.

Elaborating on Mr. Block's comment, David R. Lane, the agency's press secretary, said that what the agriculture secretary had found distasteful was that the supply interruption "hurt American farmers far more than the Russians, who easily filled their needs from other sources."

"At the time of the embargo we furnished 70 percent of the grain import needs of the Russians," Mr. Lane said. "After the embargo, the percentage dropped to about 20 or 25 percent, and we are now trying to regain that market."

The supply guarantees come against a background of so-called sanctity-of-contract legislation that the president signed in January. Under that law, if there were another embargo, shippers would have 270 days after its declaration to deliver what they had sold before the cutoff.

In 1980, there was no such legislation, and contracts were simply severed.

Farm trade specialists said that sanctity-of-contract provisions could be suspended under presidential powers under extreme circumstances. In that case, they speculated, the big grain merchants would declare force majeure,

events beyond their anticipation or control, if they were challenged in court.

Under the original five-year accord, which was signed in 1975 and which is being extended until the new accord comes into force Oct. 1, the Soviet Union was committed to purchase a minimum of 6 million tons a year. It could buy a maximum of 8 million tons without consultations between the two governments. Anything over 8 million tons had to be negotiated by the governments.

The old agreement also had a provision whereby the United States could ship less than the 6 million tons in the event of a shortage of supply. A shortage did occur 10 years ago, aggravated by surreptitious Soviet buying.

There is no such short-supply provision in Thursday's compact, an indication that the administration expects plentiful supplies throughout the decade.

The United States had contracted to sell nearly 25 million tons in 1980, the year of the Carter curtailment. That ban nullified contracts for all but the 8-million-ton maximum in the agreement.

The new agreement follows a similar pattern, but with different numbers. The Russians are committed to purchasing a minimum of 9 million tons and a maximum of 12 million before consultations.

Thursday's agreement is not a treaty and does not require Senate confirmation. It was described by an Agriculture Department official as a "bilateral, government-to-government" agreement.

The official said that legislators were consulted during the negotiating process. William E. Brock, the U.S. trade representative, was the principal negotiator.

Later, the Soviet government increased the rental fees for a Moscow athletic field that the U.S. embassy used for softball and other sports. They were raised from a token amount to several thousand dollars.

The lawsuit contains a declaration from Thomas W. Simonds Jr., head of the State Department Office of Soviet Union Affairs, that "should the Soviet Union proceed with its stated aim of taking further measures to deprive U.S. diplomats and their families of recreational facilities, the matter of the use of recreational facilities could easily become a major political issue between the United States and the Soviet Union."

Arthur A. Hartman, U.S. ambassador to the Soviet Union, said that the Soviet retaliation has caused a "drop in morale among the staff and a consequent decrease in its ability to carry out our mission."

The judge granted a request by DeLorean for documents of 51 U.S. agencies

office at the U.S. Courthouse in Los Angeles, documents on Mr. DeLorean's file seven file cabinets.

The prosecutor added that unless it is overturned on appeal, the judge's order will "eviscerate" the rules of evidence, a statement with which Judge Takasugi agreed.

Mr. Phillips predicted that persons charged with all sorts of crimes will start using the Freedom of Information Act rather than the more restrictive rules of evidence.

Under the rules of evidence, persons charged with crimes must convince a judge that the documents they are seeking relate specifically to the crime with which they are charged. But under the

Freedom of Information Act, all documents relating to the individual would have to be released.

One of the defense claims is that

Mr. DeLorean was hired into the cocaine trade as part of a plot by the U.S. and British governments to destroy him. At the time the investigation began last year, Mr. DeLorean was defaulting on repayment of a \$140-million loan from the British government to finance his automobile plant in Northern Ireland.

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## ARTS / LEISURE

**A Rare Show of Familiar Masters From Soviet Museums**By Michael Brenson  
*New York Times Service*

**LUGANO,** Switzerland — One of the most spectacular exhibitions in Europe this summer is not in Paris or London or Berlin but in a villa on the eastern tip of Lugano. In exchange for a loan of 40 paintings from his celebrated Old Master collection, Baron Hans Heinrich Thyssen-Bornemisza has borrowed 40 late 19th- and early 20th-century French paintings of the highest quality from the Hermitage Museum in Leningrad and the Pushkin Museum in Moscow.

The paintings have been rarely seen in the West since they were acquired by the two great Russian collectors Ivan Morozov and Sergei Shchukin, in the years prior to World War I. This Impressionism to Cubism greatest-hits show, installed in the baron's Villa Favaria, the building that houses his Old Master museum, continues through Oct. 15. The Soviet authorities' selection of the baron's top 40 will be on display at the Pushkin and the Hermitage in the fall and winter.

The initial response to "Masterpieces of Impressionism and Post-Impressionism From Soviet Museums" is likely to be a sense of disbelief. Seeing so many major but still largely unseen and therefore unassimilated paintings by Monet, Renoir, Van Gogh (three by each), Gauguin (nine self-portrait and eight paintings of the South Seas), Cézanne (eight), Matisse (six) and Picasso (eight, including five diverse Cubist works), in a setting that is as accessible as the exhibition's scale, may send the visitor scurrying through the rooms as a child scurries through his entire lode of presents, needing to know the extent of his riches before concentrating on one object in particular.

According to villa officials, the exhibition was initiated by Vladimir S. Semenov, formerly head of the Soviet delegation to the Strategic Arms Limitation Talks (SALT) and currently Soviet ambassador to West Germany, who wanted for a long time to bring to the Soviet Union a selection of the baron's Old Master collection. A selection of works from Thyssen's 20th-century holdings will go on display at the Metropolitan in New York on Aug. 31.

Villa officials say that Thyssen selected the works in the

Lugano show himself. With the exception of van Gogh, in every instance the selection suggests the full strength of the particular artist. Installing a greatest-hits show consisting of a handful of works by a limited number of artists is always a problem. The approach in this case is not historical. Moving from Monet, van Gogh and Renoir to Picasso, then from Gauguin to Cézanne, there is really no way to trace the development from artist to artist, movement to movement. The most striking effect of the sequence is that Picasso and Cézanne become the standard by which the work of the other artists is measured.

A show that brings together so many eminent but rarely experienced works has a chance of changing the way the authors of those works are seen. Renoir, for example, may still be tainted by the modernist assumption that major artistic ambition and a painterly preoccupation with the good life are mutually exclusive. In this show, there are two portraits by Renoir, both of celebrated women, both superb. In the 1876 "Woman in Black" and the 1878 "Portrait of the Actress Jeanne Samary," Impressionistic brush and color, with their evocation of transience and movement, are combined with a frontal, symmetrical structure that feels as inflexible as a two-ton block of stone. Renoir works against the immobility in such a way that the figures and the paintings seem newborn, having just this second come to life. The earring and the flower in the hair of the "Woman in Black" are radiant pieces of painting that would draw approval from the best of Renoir's Venetian and Dutch ancestors.

The idea of emerging life is central to the theme of Picasso's show-stopping 1908 "Three Women." This more than six-foot-tall painting of three monumental, sculptural figures — a kneeling woman at the right, what seems to be a man starting to rise on the left, and a somewhat androgynous figure standing between them (Leo Steinberg has suggested that "Two or Three Women" would be a more accurate title) — in front of a rock landscape, seems in many ways diametrically opposed to the major Picasso of the previous year, the "Demoiselles d'Avignon." Picasso's 1908 "Dryad" is a painting of a large, dual female figure striding through a forest; the "Demoiselles d'Avignon" suggests the dryad's defiant.

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Steinberg sees the "Three Women," on one level, as a way of resisting Cézanne, who died in 1906 and was given a memorial exhibition in Paris in 1907. Indeed, in its shallow space and muted tones, the Picasso could hardly be further from a painting like Cézanne's 1905-6 "Mont Sainte-Victoire Seen From Les Lauves." In the background of the Cézanne is the familiar white mountain, in the foreground a rumbling mass of brown, green, blue and ochre paint where it seems as if all the trees and fields of Provence have been fed into the canvas. Unlike Monet's 1867 "Woman in the Garden," in its shower of light the "Mont Sainte-Victoire" is not a painting concerned with the flash of a moment. Colors "arise out of the roots of the world." Cézanne wanted his paintings to devour earth, water and sky.

Even for Cézanne, the materiality of this small painting is extraordinary. If it were not already jarred loose from the wall, one has the sense it would go through the floor.

Almost all the Cézannes in the show, including the 1873-75 still life and self-portrait and the 1895-1900 "The Smoker," seem like elements unto themselves.

The one artist in the show who is outclassed is Gauguin. Because of his liberties with space, his inventive use of color and his subsequent importance for modernist developments such as Fauvism and German Expressionism, Gauguin's problems as a painter have sometimes been overlooked. Even with the startling play of primary colors and compositional rhythms of Tahitian paintings in the show like the 1892 "Landscape With Peacocks" and 1896 "Tahitians in a Room," many of his paintings remain, in some sense, at war with themselves.

The conflicts in Gauguin's paintings between inhibition and instinct, self-consciousness and spontaneity, the sophisticated and the primitive, human life and nature, ambition and escape, were certainly not his conflicts alone. With the Neo-Expressionism and neo-primitivism of contemporary painting, it is clear the degree to which they are ours. Gauguin defined the problem. All the other artists in this invaluable show suggest answers.

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In Sotheby's April sale the catalog's warning that a helmet described as "German 14th century" was made up from pieces that do not belong together did not stop it from rising to £107,000.

Other extravagant prices were paid in the sale, largely on the basis of a catalog that impressed nonspecialists, unaware that the "Fever Castle" provenance was hardly a recommendation — it was all gathered at the sum of the century as stage prop for a castle extensively done up and furnished in medieval taste. That could mean occasionally the best but also the worst.

Actually some buyers may not have paid much attention to the notices. A "tilt-armor" made up, the catalog pointed out from elements "that do not seem to have been born together," whizzed to £187,000, which seems a lot despite the rarity of each separate element.

A month later, a similar phe-

nomenon could be observed at the Godmersham Park auction conducted by Christie's on the premises of an English country house not far from Canterbury. The hardbound catalog, the barrage of advertising and the lovely setting combined to produce a miraculous sale. There were a handful of extremely beautiful works of art and a mass of indifferent pieces. In both cases, many sold at three to four times the highest price one might have quoted before the sale — particularly those illustrated in color. A pair of George I 1-pint-point cushions worth perhaps £1,000 to £1,500 and estimated at three times that, were knocked down at £15,120. A French early-18th-century console in carved giltwood sold for £31,800. It would have been dear at one-third of the price. Overpricing of this kind continued throughout the sale — from a Queen Anne black-and-gold lacquer table at £48,600 to a George I wing armchair at £87,980.

More telling than the overpricing of extremely fine pieces was the uncritical acceptance of unsatisfactory ones. A "Regency block and gold lacquer and ebony sofa table" sold for £8,250. Yes, an expert observed, the top is Regency all right, but the base smacks of Edwardian taste. "This is a marriage," was his verdict.

At Sotheby's Monte Carlo sale of furniture in June even less satisfactory pieces sold just as easily. A French center table in Louis XIV style, in green horn with brass marquetry, went up to 510,000 francs.

The proportions are wrong, the marquetry lacked engraved detail.

In almost every field and every country, a new public has sprung up that will readily buy on the basis of the impression created by a sale catalog, regardless of what prices have been paid in the past or are being paid elsewhere. If this development should prove to be lasting, it will greatly change the market and give auction houses increasing power.

**Tuscany Shows Offer Wide Range**By Edith Schloss  
*International Herald Tribune*

**R**OME — Among the many exhibits in Tuscan cities this summer the ones the coast are of international scope and so the most stimulating.

One of them, "Art Itinerary," consists of three sections. The first, "The Materials of Art," is deployed against the noble background of Volterra, the ancient Etruscan city overlooking the hills of the Maremma spreading to the sea, described as rather melancholy by D.H. Lawrence in his "Etruscan Places," but recently grown into a lively center for discerning tourists. The second and third sections, "The Persistence of Painting" and "Drawings," are housed in a villa about 35 miles to the south, in the resort of Castiglioncello, once the site of one of Volterra's seaports.

The divergent styles — the mixture of now traditional abstraction with new expressionism; bold primitives with straight figuratives; recognized artists next to the unknown; the works from Italy, France, England and the United States — might at first sight appear like a wild grab bag, but at second the whole reveals itself as the intelligent and tolerant selection of a critic who has been everywhere and been directly in touch with developments and who has a catholic taste.

At Volterra two slender obelisks of stalks of marble by Giò Pomodoro, set off against the facades of medieval palaces in the old town square, are modern official sculpture at its best.

Opposite, the Gothic vaults of the loggias of the old fish market house a retrospective of the English Pop artist Joe Tilson. His wooden objects and clay reliefs like puzzles, creating lyrical tapestries. And

there are the English figurative Colin Smith and the American Robert Arneson. So much for the new discoveries.

On the coast west of Castiglioncello, itself once the haunt of the Macchiaioli painters, the Tuscan Impressionists, lies Forte dei Marmi, where many more recent painters came to work before it turned into a chic resort after World War II. A small but significant exhibition called "Visual Arts in Forte dei Marmi 1880-1940," in the city museum, begins with oils of sirens and centaurs on the seashore by the German romantic Arnold Böcklin, drawings by Adolf von Hildebrand, goes on to De Chirico and his brother Savinio's hamming renditions of this coast, presents the grace of the sculptor Martini, the Symbolist landscape by Elisabetta Brewster, drawings by Viani and various other well-known painters of the '20s.

In adjacent rooms in a show of newly-fledged artists, the most lively and new are Panzica, Timpani, Maffei and Pucci, while Beragnoli and Stefanon are also interesting.

Still further west lies Pietrasanta,

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## No More Hired Barbies

"I today went out and hired me a base fellow," says one entry in the journal kept by the secretary to Sir Francis Walsingham, responsible for intelligence in the government of Queen Elizabeth I. The dates of the "base fellow" were to inform upon others, which is what Klaus Barbie was hired to do in 1947 by the Counter Intelligence Corps of the United States army. Barbie claimed to have contacts and knowledge of Communist operations and influence in postwar Germany and France, so he was hired, harbored and eventually removed from the reach of French justice by the C.I.C.

Did the army know it had hired a base fellow? It certainly knew he had been a Gestapo officer, which is how he had acquired the qualifications that recommended him to the C.I.C.; and he was on a list of war criminals. But when the State Department and the U.S. High Commissioner's Office in Germany told the army that he was sought by the French, the army chose to save him.

Why? Organizational loyalties? Distrust and dislike of the French, together with fear that in French hands he would reveal U.S. intelligence operations not only in Germany but in France? Organizational embarrassment at having used Barbie in the first place? All seem to have been motives.

But it was an odd morality that applied, saving Barbie in 1951 after collaborating with him since 1947, when at the same time

allied courts were prosecuting thousands of Germans as war criminals. The United States, at its courts in Nuremberg and Dachau from 1945 to 1949 (when Germany assumed responsibility for war crimes prosecutions), sentenced more than 450 Germans to death for war crimes. (Most of these sentences were subsequently reduced.)

The former senior American intelligence officer who writes under the pseudonym "Christopher Feltz" has described — in his 1963 book *A Short Course in the Secret War* — the American approach to such matters as often that of "moral people who, when faced with an amoral problem, cannot understand the category and therefore behave immorally." That conduct is obviously unifying, it is also stupid and dangerous; it must be expected eventually to risk rebounding against the country in whose name it is done. The American apology to France for the army's conduct in the Barbie matter is an honorable act with few precedents in international relations. What is deplorable is that it should have been necessary.

What is indispensable is to ensure that the intelligence and political operations being conducted by the American government today have nothing in them that will in future require such an apology. The revelation that the army considered rehiring Barbie in the 1960s makes that a more urgent issue.

INTERNATIONAL HERALD TRIBUNE

## Stalemate in Poland

This has been a demoralizing week for opponents of the Jaruzelski dictatorship in Poland. They attempted a slowdown in the Lenin Shipyard, Solidarity's birthplace, and it fizzled: one of underground Solidarity's five chiefs, Wladyslaw Harder, accepted a government amnesty and appeared on television urging others to follow his example; and Western bankers, increasingly nervous about Poland's debt, are urging their governments to ease Warsaw's financial isolation. But none of this can give the regime much encouragement. Its political and economic goals remain as incomparable as they have been since martial law was declared almost two years ago.

Last fall, when a series of strikes and demonstrations fell short of expectations, many of us in the West prematurely declared the resistance defeated. Then the pope's visit showed that caution should not be mistaken.

— THE NEW YORK TIMES.

## Other Opinion

### Doing Business With Moscow

The signing in Moscow of a new five-year grain agreement between the United States and the U.S.S.R. may mark a fresh approach by Washington to the thorny question of economic sanctions, but it certainly does not end the heated debate on how best to coordinate policy on East-West trade. There is resentment in Europe that whereas European industry suffered from U.S. sanctions on the Siberian gas pipeline, in the grain deal U.S. domestic politics weighed more heavily than the interests of the alliance. Strengthening and expanding the committee charged with restricting exports of strategic materials and equipment to Communist countries would be a constructive step in avoiding such conflicts of interest in future.

— The Times (London).

President Reagan, overriding strong objections from Secretary of Defense Caspar W. Weinberger, has lifted controls on the sale of pipeline-laying tractors to the Soviet Union. The decision, coming soon after the negotiation of a new long-term grain agreement, constitutes welcome evidence that the administration is becoming more pragmatic in its management of U.S.-Soviet trade relations.

A strong element of domestic politics was involved in both decisions. Midwestern grain farmers were very much on the president's mind in working out a grain deal, and he was obviously aware that control of pipeline tractors would be helpful to the ailing Caterpillar Tractor Co., which makes the big machines. This, however, is just another way of saying that East-West trade, while appropriately subject to certain controls, national security grounds, can be economically beneficial to the United States as well as to the Soviet Union.

— The Los Angeles Times.

### After the Slaying of Aquino

Who, including President Reagan, can really believe that the Marcos government will conduct a thoroughgoing investigation of the

foul murder of Mr. Marcos's strongest political rival, Benigno S. Aquino Jr.?

Mr. Reagan is probably right to withhold judgment on whether to make his planned trip to the Philippines; he could hardly leap to the conclusion that the Marcos government was responsible for the Aquino murder. However, if nothing but whitewash is forthcoming from Manila, Mr. Reagan will enhance respect for himself and for the United States by having no further truck with a dictator who calls himself an anti-Communist to justify every form of human rights violation.

Military necessity may force the United States to pay Mr. Marcos a blackmailer's fee — \$500 million over five years — for bases in the Philippines, but that does not mean that Vice President Bush has to proclaim ludicrously that "we love your adherence to democratic principle and to the democratic process," as he did on a visit to Manila.

After the Aquino murder, Congress needs to take a hard look at a new U.S.-Philippine extradition treaty. But it would probably be too much to expect that holding up the treaty could force the Marcos government to produce an objective report on what happened at the Manila airport. For that, Mr. Reagan ought to rely on his own investigative resources.

— Tom Wicker in *The New York Times*.

The years of martial law and tight control of the press, along with charges of political repression and election chicanery, have left the Marcos regime with many credibility problems. In a sense, it may not matter whether Mr. Marcos or his associates are innocent or guilty of the slaying. So many people here think that Mr. Marcos, or someone near him, is guilty, that conclusive proof to the contrary may not change the perception at all.

It is difficult to find a taxi driver, a waitress or a store clerk in Manila who believes the official story that a lone gunman, possibly with links to communists, sneaked through tight security at the airport to within point-blank range of his victim.

— Bob Senter in *The Los Angeles Times*.

### FROM OUR AUG. 27 PAGES, 75 AND 50 YEARS AGO

#### 1908: A Suez Tax Plan for Lighting

ROME — Italy has presented a proposition for solving the question of lighting the Suez Canal in the neighborhood of Cape Guardafui. With the object of overcoming the opposition of the British shipping companies, who refuse to pay a tax in the Suez Canal for the upkeep of a lighthouse, the Minister of Foreign Affairs suggests that the Government should pay for ships of their nationality on their passage at Suez. The tax is to vary from one to three cents a ton according to the route. Italy is willing to agree to the holding of a conference within two or three years for the revision of the tax charge, and would accept the control of the Powers for verification of the revenue derived.

1933: Woman's Situation in France

PARIS — Women play a decisive role in American affairs not only because they vote, but because they are strongly organized. Martha Ouliet, French delegate to the International Conference of Women, Chicago, says in an article in the "Intransigent": "How can one explain to American women the petty reasons for woman's situation in France? How could one admit the indifference of a large number of French women to it? The continuance of this out-of-date situation in France is the subject of erroneous surprise abroad. The world will soon refuse to take seriously a country which does not take its women seriously. I bring back from America that conviction."

#### INTERNATIONAL HERALD TRIBUNE

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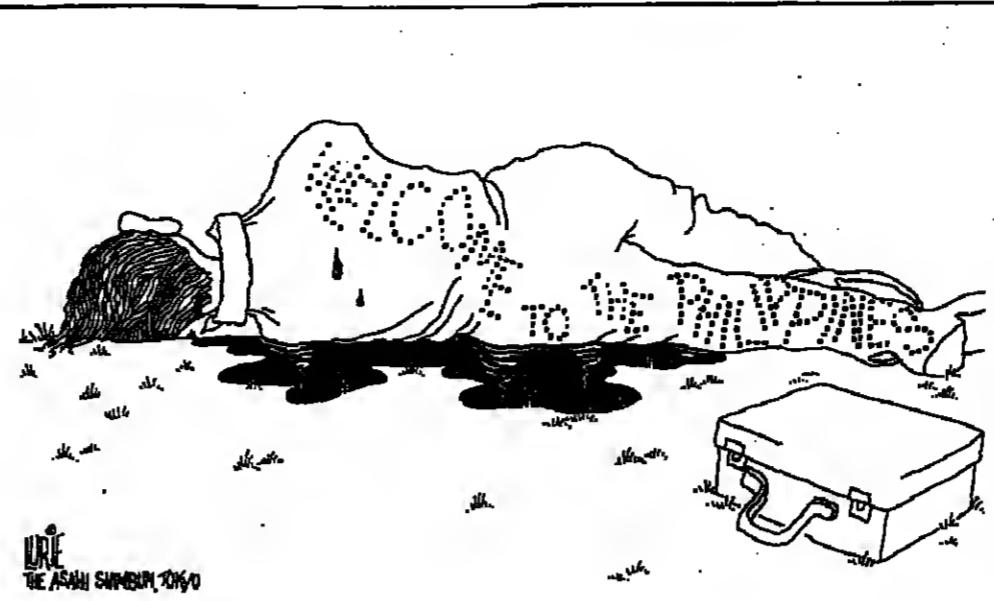
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## Murder at a Filipino Crossroads

By Peter W. Stanley

**N**ORTHFIELD, Minnesota — The rule of Ferdinand Marcos, which began vigorously and intelligently amid promises of social reform, economic growth, civic order and political competence, has come little more than a holding operation.

With the worst-performing economy in Southeast Asia and a colossal foreign debt, the Philippines is losing its battle to provide jobs for its mushrooming population. More than half of all Filipino families now report incomes below the poverty line, and about half of all children's deaths are attributable to malnutrition. Reform programs such as those that briefly brought peace and order to the streets, and gave promise of a redistribution of land, have faded into memory.

As a result, the continuing enrichment of palace cronies, the suppression of democratic institutions and the arrest, torture and disappearance of critics of the regime can no longer be rationalized as the price that must be paid for progress and prosperity.

Even the Roman Catholic Church, traditionally a bulwark of social stability in the Philippines, has moved from its posture of "critical collaboration" to open denunciations of the government's abuse of human rights and neglect of the poor.

Manila's preoccupation with Mr. Marcos's health and the rumors of his death that swept the city after the assassination of Benigno Aquino reflect the pervasive sense of a government in decline and an era waning.

Meanwhile, deeply rooted change is occurring in Philippine society. Growing population pressure and the approaching exhaustion of usable land threaten still worse poverty and social violence. The rural social ethic that linked landlords and their tenants in alliances based on mutual obligation has weakened as a result of urbanization and absentee ownership, and is giving way to class divisions. Tensions that have long existed between the central government and outlying regions in the archipelago remain unresolved.

To pick up the pieces after Mr. Marcos and to deal with issues of this magnitude, Filipinos can at the moment turn only to the two extremes: the Marxist revolutionaries of the New People's Army, who maintain guerrilla cadres in two-thirds of the provinces and are estimated to have infiltrated or taken over 20 percent of Philippine townships, and the candidates of

the regime itself, most notably Imelda Marcos. The triumph of either would undoubtedly polarize the country and bring still greater political violence and an increasing role for the once apolitical army.

Twenty years of authoritarian rule have all but eliminated moderate democratic alternatives. Politicians who must operate in the open are vulnerable to repression. The fatuousness and excesses of democratic politics in the years before martial law have left bitter memories. And an entire generation — almost half the population — knows only Mr. Marcos and his regime. In the absence of a free press and free elections, no one really knows how many Filipinos seek a middle course between Imelda Marcos and the revolutionaries.

Yet even Mr. Marcos feels compelled to legitimate his rule through contrived referendums and elections, and it is hard to see how the grave issues facing the country could be resolved without a broadly based representative government.

Benigno Aquino offered the Philippines one credible

hope for a moderate, centrist succession to Mr. Marcos. Whether even he retained the personal authority and political charisma to unite the squabbling factions among Mr. Marcos's moderate opponents is not certain. Filipino politics is a fabric of personal alliances that cannot be maintained without attention and patronage on the spot, and Mr. Aquino, by staying in America for three years, may have been away too long.

His death might persuade Filipinos that moderation is futile and reconciliation hopeless. Unless it galvanizes the moderate opposition loosely allied in the United Nationalist Democratic Organization, the transition from Mr. Marcos may be long and tortuous.

The United States, with a substantial economic and strategic stake in the Philippines and a history of close association, shares with Filipinos an interest in fostering the orderly succession of a stable, moderate, democratic government. It is time to stand off from Mr. Marcos and help in every legitimate way to rebuild the shattered center among his opponents.

The writer is dean of Carleton College in Northfield, Minnesota, and co-author of "Sentimental Imperialists: The American Experience in East Asia." He contributed this comment to *The Los Angeles Times*.

## The National Interest: Time for a Debate

By Marcus Raskin

**W**ASHINGTON — The huge U.S. defense budget, the rush to send planes, ships and soldiers to the world's trouble spots, the great preoccupation with "strength" and influence in far-flung corners of the globe — all of this is justified in the name of "the national interest." But what really is the American national interest? The question is rarely asked, let alone seriously debated.

In fact the "national security" policies pursued by the last eight presidents have yielded no obvious benefit for the American nation as a whole.

When the Cold War era began,

ordinary Americans had no reason to

believe that their homeland was in any serious danger; today it is subject to destruction in the next 30 minutes.

That, we might say, is the bottom line

of all the hundreds of billions of dollars spent, all the blood spilled, all the energy devoted to pursuing a skewed

conception of the national interest since the end of World War II.

Today American national security

is more palpably at risk than at any

time since at least the Civil War, and

probably since 1776. Yet the last time

a serious public debate was held about security objectives was in 1948-49, when Secretary of State Dean Acheson solemnly assured the Senate

that NATO was not a military alliance

which required the permanent stationing of U.S. troops in Europe.

Military budgets now run at \$400

billion a year, and there is the elixir

of space wars as the "final solution"

to security problems.

Today there are many Americans

who used to play no role at all in

setting national priorities but who are

no longer willing to be compliant and

silent when they perceive that national

policies contradict their own values,

or interests. It is these Americans,

newly enfranchised by the postwar

changes in American society, who de-

serve a loud voice in a new debate on

the real national interest.

Postwar American leaders forged alliances and pacts that were brilli-

antly executed, but which in the

present context deepen America's

real problem. Contrary to one of

George Washington's wisest axioms,

the United States adopted and en-

couraged the mistaken doctrine of

permanent hostility.

In the Cold War years the leaders

of the United States have vacillated

between hubris and feelings of impo-

tence. The executive prepared for ev-

ery manner of war and fought large

wars without a constitutional man-

date. In the process, Americans

changed the character of its govern-

ment and its constitutional process,

and derailed its social programs.

The mode of military treasury,

the emphasis on an unworthy



NYSE Most Actives									
Chrysler	Val.	Nipk	Low	Class	Ches				
CitF	10759	2616	24	22	22	+12			
Coors	12527	237	22	22	22	+12			
Exxon	11277	452	437	437	437	+12			
Alcan	10111	349	327	327	327	+12			
AT&T	11813	1184	1184	1184	1184	+12			
IBM	14113	205	205	205	205	+12			
U.S. G	11111	205	205	205	205	+12			
Exxon	11111	274	274	274	274	+12			
A&M Co	11111	22	22	22	22	+12			
Ford	11111	99	97	97	97	+12			
Dishel	11111	97	97	97	97	+12			
Hewlett	11111	204	204	204	204	+12			
Genel	11111	204	204	204	204	+12			

Dow Jones Averages									
Indus	118242	118242	118242	118242	118242	+12			
Trans.	118242	118242	118242	118242	118242	+12			
U.S. Comp	118242	118242	118242	118242	118242	+12			
Advanced	118242	118242	118242	118242	118242	+12			
Declined	118242	118242	118242	118242	118242	+12			
Unchanged	118242	118242	118242	118242	118242	+12			
Total Issues	118242	118242	118242	118242	118242	+12			
New Highs	118242	118242	118242	118242	118242	+12			
New Lows	118242	118242	118242	118242	118242	+12			
Volume up	118242	118242	118242	118242	118242	+12			
Volume down	118242	118242	118242	118242	118242	+12			

NYSE Dailies									
Advanced	118242	118242	118242	118242	118242	+12			
Declined	118242	118242	118242	118242	118242	+12			
Unchanged	118242	118242	118242	118242	118242	+12			
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New Lows	118242	118242	118242	118242	118242	+12			
Volume up	118242	118242	118242	118242	118242	+12			
Volume down	118242	118242	118242	118242	118242	+12			

Odd-Lot Trading in N.Y.									
Vol. of 4 p.m.	118242	118242	118242	118242	118242	+12			
Prev. 4 p.m. Vol.	118242	118242	118242	118242	118242	+12			
Prev Contibuted Close	118242	118242	118242	118242	118242	+12			
Avg. 25	118242	118242	118242	118242	118242	+12			
Avg. 24	118242	118242	118242	118242	118242	+12			
Avg. 23	118242	118242	118242	118242	118242	+12			
Avg. 22	118242	118242	118242	118242	118242	+12			
Avg. 19	118242	118242	118242	118242	118242	+12			
Avg. 18	118242	118242	118242	118242	118242	+12			
Avg. 17	118242	118242	118242	118242	118242	+12			
Included in the 500	118242	118242	118242	118242	118242	+12			
Hours	118242	118242	118242	118242	118242	+12			

NYSE Index									
High	118242	118242	118242	118242	118242	+12			
Low	118242	118242	118242	118242	118242	+12			
Close	118242	118242	118242	118242	118242	+12			
Chg.	118242	118242	118242	118242	118242	+12			
Chg. %	118242	118242	118242	118242	118242	+12			
Adv.	118242	118242	118242	118242	118242	+12			
Decl.	118242	118242	118242	118242	118242	+12			
Trans.	118242	118242	118242	118242	118242	+12			
Finance	118242	118242	118242	118242	118242	+12			

Friday's NYSE Closing									
Vol. of 4 p.m.	118242	118242	118242	118242	118242	+12			
Prev. 4 p.m. Vol.	118242	118242	118242	118242	118242	+12			
Prev Contibuted Close	118242	118242	118242	118242	118242	+12			
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Avg. 23	118242	118242	118242	118242	118242	+12			
Avg. 22	118242	118242	118242	118242	118242	+12			
Avg. 19	118242	118242	118242	118242	118242	+12			
Avg. 18	118242	118242	118242	118242	118242	+12			
Avg. 17	118242	118242	118242	118242	118242	+12			
Included in the 500	118242	118242	118242	118242	118242	+12			
Hours	118242	118242	118242	118242	118242	+12			

AMEX Diaries									


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## BUSINESS BRIEFS

## Japan Output Was Flat Last Month; Inflation Declines to a 24-Year Low

TOKYO (Combined Dispatches) — Japan's preliminary industrial production index remained steady in July, at a seasonally adjusted 103.6. The figure, on a base of 100 in 1980, was unchanged from June, the Ministry of International Trade and Industry said Friday.

Also on Friday, the prime minister's office said the consumer price index had risen 1.3 percent over an annual period to mid-August, the smallest increase in 24 years. The figure compared with a 2.5-percent year-to-year rise in July.

Also on Friday, the Finance Ministry reported that recurrent profits of all Japanese corporations fell 6.1 percent to 16.132 trillion yen (\$65.4 billion) in fiscal 1982, which ended on March 31. The decline followed a drop of 12.8 percent in fiscal 1981.

## More Rises Seen in Heavy-Oil Prices

ROTTERDAM (Reuters) — Saudi Arabia and Kuwait are likely to raise official prices for their heavy crude oils now that Egypt has added a dollar a barrel to the price of its heaviest grade, European oil trade sources said Friday.

Egypt's General Petroleum Corp. has announced that it would raise the price of its heaviest crude, Ras Gharib, to \$24.50 a barrel with 60 days credit, effective Sept. 1. The lighter Belayin blend and Suez are to rise 50 cents and 25 cents respectively, to \$26.75 and \$28.50.

Ras Gharib traded on the spot market at \$24.90 a barrel last week, well more than a dollar above the current official price. Trade sources said Saudi and Kuwaiti heavy crudes were constantly trading at above official prices.

## Argentina Investigates Bank Fraud

Buenos Aires (Reuters) — Argentina's Central Bank has opened investigations into a suspected \$200-million fraud involving several foreign banks.

An Economics Ministry statement Thursday night said the investigation would determine whether any financial institutions had engaged in unusual operations in interbank short-term credits in the days before financial reforms introduced last week.

The domestic news agency Noticias Argentinas on Thursday quoted financial sources as saying that five U.S. banks and two Argentine banks had benefited from prior knowledge.

It named the U.S. banks as Wells Fargo & Co., Manufacturers Hanover Corp., Citicorp, J.P. Morgan & Co. and National Republic and the Argentine banks as Banco Rural and Banco Rio de la Plata.

## GM Drops 41,000 From Layoff Rolls

DETROIT (UPI) — General Motors Corp. said that it was dropping 41,000 workers from its indefinite layoff rolls because they have exhausted their recall rights and have no chance to be called back to work.

GM said Thursday it was changing its layoff reporting policy to conform with that of the other U.S. automakers. Under the current system, and including the 41,000 GM workers, the automakers would have 180,500 workers on indefinite layoff next week.

## Insurers See Record in Storm Claims

DALLAS (UPI) — At least four insurance companies have reported that losses from Hurricane Alicia will set records for their companies, and the largest insurer in the state — State Farm Mutual — was still unable Thursday to estimate its losses.

Allstate, a subsidiary of Sears-Roebuck Co., expected claims of about \$40 million. Others with record claims were Members' Insurance Co., more than \$10 million; Aetna Casualty and Surety Co., \$35 million, and St. Paul Companies, up to \$20 million.

## Chrysler, VW Discuss Joint Projects

DETROIT (AP) — Chrysler Corp. and Volkswagen of America Inc. are negotiating a joint venture which might allow both automakers to sell a new line of small cars in the United States, according to a published report.

"We've been talking about a significant amount of reliance on VW technology" in the joint venture, Robert S. Miller Jr., Chrysler vice president for finance, told the Detroit Free Press on Thursday.

ADVERTISEMENT  
INTERNATIONAL FUNDS

AUGUST 26 1983

The individual value quotations shown below are supplied by the Funds Listed with the exception of some foreign funds which are based on latest available. The following symbols indicate frequency of quotations supplied for the HFT: (d) daily; (w) weekly; (m) monthly; (b) bi-monthly; (r) regular; (1/7) 1/7th.

**ALLIANT MANAGEMENT CO. S.A.** \$140.67 (1/7) Al-Mud Trust Fund

**BANK JULIUS BAER & Co Ltd** SP 761.25\* (1) Baerbond Fund

(1) Carter Fund SP 94.00\* (1) Carter Fund

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## Effects of Tower's Decision Debated

### Analysts Call Move's Impact on Defense Issues Exaggerated

By Martha M. Hamilton  
*Washington Post Service*

**WASHINGTON** — Defense and aerospace stocks have been declining this week, and some analysts attributed the movement to the announcement by Senator John G. Tower, Republican of Texas, that he would not seek re-election.

But other analysts said the impact of Mr. Tower's resignation was exaggerated. They noted that he would probably be succeeded as chairman of the Armed Services Committee by Barry Goldwater, Republican of Arizona, or, if Democrats regain control of the Senate, by Henry Jackson of Washington. Both support a strong military budget.

Several analysts said bigger factors in the sell-off of defense and aerospace stocks Wednesday and

Thursday included anticipated cuts by Congress in military appropriations, the natural end of a cycle of high prices for defense stocks, the uncertainty surrounding the 1984 elections in general, and recovery in other sectors.

"Basically, [the Tower announcement] hit people over the head and focused the people who have discretion over money" on the other factors, said David Smith, an analyst with Sanford C. Bernstein & Co.

He said defense company earnings would continue to be strong in the next several years because of appropriations commitments already made. Offsetting that expectation, however, is bad news on the political front, including expected budget cutting attacks on wasteful spending, and the elections, he said.

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John G. Tower

## Gulf & Western Hopes to Sharpen Image

### Analysts Praise Move to Stress Consumer Sector

By Pamela G. Hollie  
*New York Times Service*

**NEW YORK** — From his 42d-floor office on 61st Street here, Martin S. Davis, head of Gulf & Western Industries, has a clear view of upper Manhattan. From that vantage point, Central Park seems to neatly divide the crowded island into three distinct pieces.

This sense of order appeals to Mr. Davis, who was named vice chairman and chief executive in February after the unexpected death of Gulf & Western's founder, Charles G. Bluhdorn.

Since he took control of the sprawling conglomerate, Mr. Davis has been pruning and restructuring the company, muscling it, in fact, into three distinct operating units. The vast securities portfolio that Mr. Bluhdorn assembled has been sold; businesses have been shed; debt has reduced and assets consolidated. All of which is leading to a new image of G&W as a consumer-products company.

Under Mr. Bluhdorn, who amass more than 100 companies in 25 years, Gulf & Western, with \$3.5 billion in annual revenue, was seen in booz that its businesses ranged from A to Z, automotive to

zinc.

"We're in a different mode," Mr. Davis said.

Earlier this month, Mr. Davis announced that Gulf & Western would divest itself of 20 percent of its assets, or about \$1 billion in sales. The company, which once had 21 operating units, will be consolidated into three areas — entertainment, financial services and consumer products.

The plan would result in write-offs of \$470 million, twice what analysts had anticipated, and a net loss of about \$215 million in the fiscal year 1984. But shareholders are to get an increase in the quarterly dividend to 22.5 cents a share by 1985, 75 cents a share on Oct. 1.

And Mr. Davis, who has a reputation for delivering, has promised investors "a stronger, leaner, more profitable, more growth-oriented company, with a solid base for expansion, both internally and through acquisitions that are compatible with other G&W operations."

Michael S. Hope, chief financial officer, discussed the divestiture:

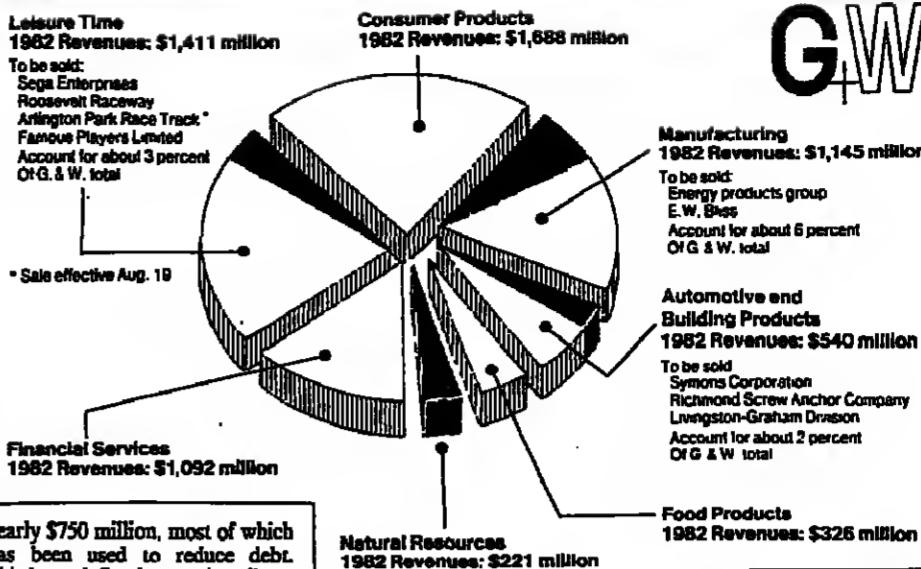
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The first step was management restructuring and bringing in operating people into the office.

The next step was the portfolio sale, which has so far brought in

### The Reorganization of Gulf and Western

Gulf and Western's fiscal 1982 revenues by division, shaded areas represent those businesses that the company has announced will be divested.



Martin S. Davis

According to Neil Call, executive vice president with responsibility for the company's long-term strategic development, negotiations are under way for the sale of several companies, some of which may be sold to the various management.

In March, Consolidated Cigar subsidiary was sold for \$120 million in cash and notes to its management.

These things might have happened anyway," said the 56-year-old executive, who began his career as a director of marketing and sales at Paramount Studios. But Mr. Davis acknowledged that his management style called for fast action.

Analysts who have followed the sometimes erratic-for-growth's sake style of Mr. Bluhdorn's empire building view the changes at Gulf & Western favorably. Many felt that, as structured, the Bluhdorn empire was unmanageable.

Mr. Bluhdorn was the only man who understood it," said Richard L. Hanley, analyst for Prescott, Blair & Turben. "Historically the street shunned the stock because nobody understood it. That's why the stock sold so cheap."

The divestiture will not only pare the company's low-growth businesses but also some profitable operations that no longer fit into the company's plan. Nearly half the company's ailing natural-resources division in Nashville, Tennessee, and will include the company's 60 percent interest in Jersey Miners Zinc in Clarksville, Tennessee.

The company is also selling its building products and race tracks.

G&W will sell the Arlington Park race track in Illinois, for about \$18 million. Also to be sold are the company's video-game units and Famous Players theater chain in Canada.

Michael S. Hope, chief financial officer, discussed the divestiture:

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